

Message Text

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C O N F I D E N T I A L BEIRUT 8903

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TAGS: EAID, ECON, ECRE, EFIN, ELTN, PINT, LE, US, SA, KU
SUBJECT: GLIMPSES OF GOL'S RECONSTRUCTION PLAN

1. SUMMARY. PRESIDENT SARKIS HAS BEEN COLLABORATING CLOSELY OVER A PERIOD OF MONTHS WITH A HANDFUL OF ADVISERS ON FAIRLY DETAILED RECONSTRUCTION PLANS FOR POST-WAR LEBANON, BEGINNING WITH BEIRUT'S CENTER CITY. THE CENTER CITY IS OF CENTRAL POLITICAL IMPORTANCE, SINCE ITS REVIVAL WILL MILITATE AGAINST PARTITION, AND THE GOL PLANS TO BEGIN IMMEDIATELY TO BUILD AN ENTIRELY NEW DOWNTOWN BEIRUT. PLANNING ALSO HAS ADDRESSED THE QUESTION OF BEIRUT'S BIDONVILLE INDUSTRIAL BELT, AND A NEW SUPER HIGHWAY SYSTEM FOR THE ENTIRE COUNTRY. FINANCIAL PLANS ARE BEING FIRMED UP TO GET SMALL BUSINESS, BIG BUSINESS, AND MAJOR INDUSTRIES BACK INTO OPERATION. THE GOL LOOKS IN THE FIRST INSTANCE TO SAUDI ARABIA TO SET THE SCALE OF FOREIGN ASSISTANCE. END SUMMARY.

2. EMBOFF LUNCED WITH MICHEL AL-MURR, MINISTER OF COMMUNICATIONS IN 1969, DEPUTY, WEALTHY ENTREPRENEUR, AND OWNER OF THE MURR ENGINEERING FIRM. MURR SAID HE HAS BEEN AN INTIMATE FRIEND OF PRESIDENT SARKIS SINCE THE EARLY 1960'S, AND HIS PLUSH EAST BEIRUT APARTMENT OVERLOOKING THE PORT AREA SERVED AS SARKIS' "CAMPAIGN
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HEADQUARTERS" BEFORE THE LATTER'S ELECTION TO THE PRESIDENCY IN MAY OF THIS YEAR. FOR THE LAST THREE OR FOUR MONTHS MURR MAINTAINS THAT HE HAS BEEN IN DAILY CONTACT WITH THE PRESIDENT AND HAS DEVOTED MUCH OF HIS TIME TO THE DEVELOPMENT OF DETAILED RECONSTRUCTION PLANS.

3. A NEW BEIRUT CENTRAL CITY. MURR SHOWED EMBOFF A BLUEPRINT FOR THE NEW BEIRUT: THE ENTIRE CENTER CITY AREA FACING THE PORT, AND DEFINED BY THE RUE FAKAR EDDINE, THE AVENUE FOUAD CHEHAB, AND THE AVENUE GEORGES HADDAD IS TO BE BULLDOZED FLAT. THE RUBBLE WILL BE DUMPED INTO THE SEA TO THE AREA IMMEDIATELY WEST OF THE PORT, CREATING A NEW AREA FOR DOWNTOWN CONSTRUCTION. A NEW STREET MAY WELL FEATURE FEWER BUT MUCH BROADER TRAFFIC ARTERIES. A NEW HIGHWAY WILL BE BUILT ON THE RUBBLE FROM THE CORNICHE (AVENUE DE PARIS) AT THE AIRPORT RADIO BEACON IN FRONT OF AUB, AROUND THE HOTEL AREA AND ALONGSIDE THE PORT. QUARANTINA WILL LIKEWISE BE LEVELED AND BE THE SITE OF A NEW EXPANDED PORT AREA. TWO UNDERGROUND TUNNELS FOR BOTH VEHICULAR TRAFFIC AND A HIGH SPEED METRO (ON A POINT-TO-POINT BASIS) WILL LINK THE CENTER CITY WITH SIN EL FIL, JUST EAST OF THE BEIRUT RIVER, AND A POINT SOUTHWEST OF THE NATIONAL MUSEUM IN MUSLIM BEIRUT. EACH OF THESE TWO OUTER TERMINALS WILL FEATURE PARKING SPACE FOR SEVERAL THOUSAND VEHICLES AND THE CENTER CITY ITSELF WILL HAVE AN ENTIRE LEVEL FOR VEHICULAR PARKING. ONLY A FEW BUILDINGS WHICH ARE BASICALLY INTACT SINCE THE WAR WILL BE LEFT STANDING IN THE NEW CENTER CITY, NOTABLY SEVERAL BANKS. HIS PLAN CALLS FOR A NEW PRESIDENTIAL PALACE, A NEW PARLIAMENT BUILDING, A CULTURAL CENTER AND A NATIONAL OPERA HOUSE.

4. FINANCING THE CENTER CITY. MURR SAYS HE HAS PRICISELY CALCULATED THE NEW LAND-FILL AREA AND ITS VALUE AS REAL ESTATE AND IS CONFIDENT THAT THE GOVERNMENT WILL BE ABLE TO SELL THE LAND FOR OVER
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500 MILLION DOLS, WHICH WILL EXCEED THE COST OF THE CENTER CITY DEVELOPMENT PLAN ITSELF. IN EFFECT, BEIRUT'S NEW CENTER CITY PROJECT SHOULD BE SELF-FINANCING, ALTHOUGH TRANSITIONAL FUNDING WILL BE NECESSARY.

5. THE POLITICAL SIGNIFICANCE OF A NEW CENTER CITY. MURR SAID THAT THE NEW CENTER CITY IS THE CENTERPIECE OF THE GOL'S OVERALL RECONSTRUCTION PLANS BECAUSE IT WILL BE FULLY ACCESSIBLE, AS WAS THE OLD COMMERCIAL CENTER, TO BOTH CHRISTIANS FROM EAST BEIRUT AND MUSLIMS FROM WEST BEIRUT. HE NOTED A TENDENCY AMONG REOPENING BUSINESSES TO ESTABLISH SEPARATE BRANCHES IN BOTH SIDES OF BEIRUT (INCLUDING THE BANK OF AMERICA AND THE FIRST NATIONAL CITY BANK), AND SAID THAT SARKIS BELIEVES IT IMPERATIVE THAT THE NEW CENTER CITY BEGIN TO EMERGE BEFORE PARTITION OF LEBANON'S ECONOMIC AND SOCIAL STRUCTURE BECOMES IRREVOCABLE. MURR SAID THAT THE

CABINET WOULD ADOPT A DECISION THAT SAME DAY DECLARING THE CENTER CITY AREA "UNDER STUDY" WHICH WOULD HAVE THE LEGAL EFFECT OF PROHIBITING ANY RETURN OF FORMER OCCUPANTS OR ANY UNPLANNED CONSTRUCTION. THE GOVERNMENT, ACCORDING TO MURR, WOULD LIKE TO BE ABLE TO SEND IN BULLDOZERS STARTING IN JANUARY. SIMULTANEOUSLY, ENGINEERS WOULD BE FINALIZING DETAILED BLUEPRINTS FOR NEW CONSTRUCTION, HOPEFULLY BEGINNING IMMEDIATELY THEREAFTER.

6. RECONSTRUCTION ELSEWHERE. PLANS ARE IN THE WORKS TO AVOID THE REAPPEARANCE OF SLUM AREAS IN BEIRUT'S SUBURBAN INDUSTRIAL BELT. A KEY ELEMENT WILL BE VERY LARGE-SCALE PUBLIC HOUSING; MURR SPOKE OF TEN-THOUSAND-FAMILY UNITS. BOTH TO LINK THE COUNTRY TOGETHER AND TO CREATE SUBSTANTIAL EMPLOYMENT OPPORTUNITIES QUICKLY, THE GOVERNMENT PLANS TO BEGIN BUILDING A NATIONAL SUPER HIGHWAY SYSTEM. IN ITS REQUESTS FOR CONFIDENTIAL

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FOREIGN ASSISTANCE, THE GOVERNMENT WILL ASK FOR DIRECT GRANTS OF CONSIDERABLE BASIC HIGHWAY BUILDING MACHINERY, SUCH AS BULLDOZERS, CRANES, ROAD GRADERS, AND STEAM ROLLERS.

7. FINANCING PRIVATE ENTERPRISE. MURR SAID THE GOVERNMENT WAS PUTTING THE FINAL TOUCHES ON PLANS TO ENABLE BUSINESSES TO RETURN QUICKLY TO FULL OPERATION. THE GOVERNMENT WILL ESTABLISH THREE MAJOR CATEGORIES OF ENTERPRISES: 1) SMALL SHOPS, SUCH AS MANY OF THOSE DESTROYED IN THE CENTER CITY: THEY WILL EACH BE GIVEN A FLAT FIVE THOUSAND POUND (ABOUT US \$1800) GRANT BY THE GOVERNMENT; 2) MEDIUM-SIZED ENTERPRISES, WHICH SUFFERED DAMAGES UP TO A VALUE OF 100 THOUSAND POUNDS: THEY WILL BE GIVEN LOW INTEREST (THREE-FOUR PERCENT PER ANNUM) LOANS FOR PERIODS OF TEN TO FIFTEEN YEARS; 3) LARGE ENTERPRISES: IN ADDITION TO SOFT LOANS, HEAVY INDUSTRY WILL RECEIVE TAX REBATES. DETAILED PLANS ARE IN THE WORKS TO ENCOURAGE INDUSTRY TO RELOCATE FURTHER AWAY FROM BEIRUT.

8. FOREIGN ASSISTANCE. MURR SAID THAT PRIMIN HUSS WOULD BE DEPARTING FOR SAUDI ARABIA AND KUWAIT ON DEC 17. SAUDI ARABIA IS THE KEY TO LEBANON'S FOREIGN AID ASPIRATIONS. SHOULD THE SAUDIS NOT BE FORTHCOMING, HUSS WILL NOT GO TO KUWAIT. HOWEVER, MURR SAID THE GOVERNMENT EXPECTS THAT THE SAUDIS WILL BE FORTHCOMING AND WILL SET THE SCALE OF ASSISTANCE FOR ALL FOREIGN DONORS. HE SAID THE GOVERNMENT IS WELL AWARE THAT THE US AND INTERNATIONAL INSTITUTIONS EXPECT THAT

LEBANON WILL LOOK FIRST TO ITS RICH ARAB NEIGHBORS.

9. MURR, THE GOVERNMENT PLANNER AND ENTREPRENEUR.
MURR, IN HIS OTHER INCARNATION AS A PRIVATE BUSINESSMAN,
WILL NOT SUFFER FROM ALL THESE PLANS. HIS "MURR
TOWER," A SKYSCRAPER WHICH IS STILL INCOMPLETE, IS
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ON A CORNER OF THE NEW CENTER CITY. ON THE OVERALL
QUESTION OF HOW MUCH MONEY LEBANON COULD SPEND FOR
RECONSTRUCTION IN THE NEAR FUTURE, MURR THOUGHT THAT
THE GOVERNMENT WOULD HAVE NO PROBLEM IN COMMITTING ONE
BILLION DOLS WITHIN SIX MONTHS.

10. COMMENT: MURR INDICATED THAT HE WAS ONLY ONE OF A
NUMBER OF PERSONS WORKING ON THESE PROJECTS WHICH THE
GOVERNMENT NOW HAS UNDER STUDY. WE ARE NOT IN A
POSITION TO COMMENT ON THE TECHNICAL ASPECTS OF THE PLANS.
THEY DO, HOWEVER, INDICATE SARKIS' DETERMINATION TO
MOVE QUICKLY ON RECONSTRUCTION AS A MENAS OF AVOIDING
PARTITION OF THE COUNTRY AND TO GET LEBANON MOVING
AGAIN. SOME OF THE PLANS ARE NOT NEW. BOTH THE
PLANS FOR RECLAIMING PART OF THE BAY AND FOR BUILDING
A SUBWAY HAVE BEEN DISCUSSED FOR SOME TIME. IN
ADDITION, THERE HAS BEEN UNHAPPINESS WITH THE
CROWDING AND GENERAL STATE OF BEIRUT'S DOWNTOWN AREA
FOR A NUMBER OF YEARS. THE WAR HAS PROVIDED AN
OPPORTUNITY TO RECREATE A MORE EFFICIENT AND LIVABLE
MODERN CITY MORE RAPIDLY THAN PEACE-TIME URBAN
DEVELOPMENT WOULD HAVE PERMITTED. IT REMAINS TO BE
SEEN IF ADVANTAGE IS TAKEN OF THIS OPPORTUNITY.
HOUGHTON

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